

CITY OF SMITHVILLE, MISSOURI
MODIFIED CASH BASIS FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED OCTOBER 31, 2023



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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Aldermen and Mayor
City of Smithville, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smithville, Missouri (the City), as of and for the year ended October 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Smithville, Missouri as of October 31, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.


Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smithville, Missouri's basic financial statements. The combining balance sheet—modified cash basis—general fund, the combining statement of revenues, expenditures, and changes in fund balance—modified cash basis—general fund, the combining nonmajor governmental funds balance sheet—modified cash basis, and the combining nonmajor governmental funds revenues, expenditures, and changes in fund balances—modified cash basis (the supplementary information) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Smithville, Missouri's financial statements. The budgetary comparison schedules and schedule of contributions are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



CliftonLarsonAllen LLP

Kansas City, Missouri
April 10, 2024

FINANCIAL STATEMENTS

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2023

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
		Activities	
ASSETS			
Cash and Cash Equivalents	\$ 4,295,393	\$ 3,840,730	\$ 8,136,123
Restricted Cash and Investments	5,680,262	2,561,891	8,242,153
Capital Assets:			
Nondepreciable	1,514,468	4,804,283	6,318,751
Depreciable, Net	14,750,774	23,702,129	38,452,903
Total Assets	26,240,897	34,909,033	61,149,930
LIABILITIES			
Developer Escrow	37,618	-	37,618
Customer Deposits	-	379,699	379,699
Long-Term Liabilities:			
Due Within One Year	543,628	374,019	917,647
Due In More Than One Year	12,363,820	6,998,769	19,362,589
Total Liabilities	12,945,066	7,752,487	20,697,553
NET POSITION			
Net Investment in Capital Assets	10,825,334	21,133,624	31,958,958
Restricted for Law Enforcement	26,599	-	26,599
Restricted for Transportation	569,431	-	569,431
Restricted for Debt Service	267,739	1,393	269,132
Restricted for Capital Projects	792,055	2,560,498	3,352,553
Restricted for Pandemic	188,700	-	188,700
Restricted for Parks and Recreation	1,463,715	-	1,463,715
Restricted for Economic Development	2,489,713	-	2,489,713
Restricted for Other Purposes	12,355	-	12,355
Unrestricted	(3,339,810)	3,461,031	121,221
Total Net Position	\$ 13,295,831	\$ 27,156,546	\$ 40,452,377

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF ACTIVITIES — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,233,289	\$ 78,481	\$ 9,695	\$ -	\$ (1,145,113)	\$ -	\$ (1,145,113)
Public Works	1,651,908	63,620	-	15,300	(1,572,988)	-	(1,572,988)
Police	2,439,640	227,607	34,855	-	(2,177,178)	-	(2,177,178)
Community and Economic Development	534,815	188,032	-	-	(346,783)	-	(346,783)
Parks and Recreation	1,063,966	372,472	26,905	-	(664,589)	-	(664,589)
Interest and Fiscal Charges	533,531	-	-	-	(533,531)	-	(533,531)
Total Governmental Activities	7,457,149	930,212	71,455	15,300	(6,440,182)	-	(6,440,182)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	3,901,038	5,674,094	-	243,750	-	2,016,806	2,016,806
Sanitation	857,468	869,447	-	-	-	11,979	11,979
Total Business-Type Activities	4,758,506	6,543,541	-	243,750	-	2,028,785	2,028,785
Total Primary Government	\$ 12,215,655	\$ 7,473,753	\$ 71,455	\$ 259,050	(6,440,182)	2,028,785	(4,411,397)
GENERAL REVENUES							
Taxes:							
Property Taxes					1,326,945	-	1,326,945
Sales Taxes					5,265,846	-	5,265,846
Franchise Taxes					810,659	-	810,659
Motor Fuel and Road Taxes					437,450	-	437,450
Tower Lease					-	38,211	38,211
Investment Earnings					705,515	6,345	711,860
Gain on Sale of Capital Assets					83,224	102,996	186,220
Miscellaneous					43,676	44,374	88,050
Transfers In (Out)					(313,114)	313,114	-
Total General Revenues					8,360,201	505,040	8,865,241
CHANGES IN NET POSITION					1,920,019	2,533,825	4,453,844
Net Position - Beginning of Year					11,375,812	24,622,721	35,998,533
NET POSITION - END OF YEAR					\$ 13,295,831	\$ 27,156,546	\$ 40,452,377

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
BALANCE SHEET — MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
OCTOBER 31, 2023**

	General	Special Allocation	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 4,165,320	\$ -	\$ 130,073	\$ 4,295,393
Restricted Cash	-	2,489,713	3,190,549	5,680,262
Total Assets	<u>\$ 4,165,320</u>	<u>\$ 2,489,713</u>	<u>\$ 3,320,622</u>	<u>\$ 9,975,655</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Developer Escrow	\$ 37,618	\$ -	\$ -	\$ 37,618
FUND BALANCES				
Restricted:				
Law Enforcement	-	-	26,599	26,599
Transportation	-	-	569,431	569,431
Debt Service	-	-	267,739	267,739
Capital Projects	-	-	792,055	792,055
Pandemic	-	-	188,700	188,700
Parks and Recreation	-	-	1,463,715	1,463,715
Economic Development	-	2,489,713	-	2,489,713
Other Purposes	-	-	12,355	12,355
Committed:				
Law Enforcement Technology Upgrades	-	-	28	28
Vehicle and Equipment Replacement	163,722	-	-	163,722
Unassigned	3,963,980	-	-	3,963,980
Total Fund Balances	<u>4,127,702</u>	<u>2,489,713</u>	<u>3,320,622</u>	<u>9,938,037</u>
Total Liabilities and Fund Balances	<u>\$ 4,165,320</u>	<u>\$ 2,489,713</u>	<u>\$ 3,320,622</u>	<u>\$ 9,975,655</u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET —
MODIFIED CASH BASIS — GOVERNMENTAL FUNDS TO THE STATEMENT OF
NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2023**

Total Fund Balances - Governmental Funds	\$ 9,938,037
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	16,265,242
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Finance Purchase Agreement	(36,602)
Bonds Payable	<u>(12,870,846)</u>

Total Net Position - Governmental Activities	<u><u>\$ 13,295,831</u></u>
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CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2023

	General	Special Allocation	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 1,116,997	\$ 209,948	\$ -	\$ 1,326,945
Sales and Use Taxes	2,362,749	720,511	2,182,586	5,265,846
Franchise Taxes	810,659	-	-	810,659
Licenses, Fees, and Permits	373,175	-	4,197	377,372
Intergovernmental Revenues	517,658	-	-	517,658
Charges for Services	385,924	-	-	385,924
Fines and Forfeits	113,518	-	-	113,518
Interest	592,739	92,817	19,959	705,515
Other Revenue	75,965	-	27,657	103,622
Total Revenues	<u>6,349,384</u>	<u>1,023,276</u>	<u>2,234,399</u>	<u>9,607,059</u>
EXPENDITURES				
Current:				
General Government	1,183,114	-	300	1,183,414
Police	2,360,216	-	11,251	2,371,467
Municipal Court	-	-	545	545
Public Works	1,053,245	-	141,302	1,194,547
Parks and Recreation	882,885	-	81,213	964,098
Community and Economic Development	485,898	-	-	485,898
Senior Center	32,722	-	-	32,722
Capital Outlay	323,102	-	593,293	916,395
Debt Service:				
Principal	-	600,000	190,001	790,001
Interest and Fiscal Charges	-	353,902	191,315	545,217
Issuance Costs	-	6,360	-	6,360
Total Expenditures	<u>6,321,182</u>	<u>960,262</u>	<u>1,209,220</u>	<u>8,490,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,202	63,014	1,025,179	1,116,395
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	90,426	-	-	90,426
Transfers In	399,525	-	354,845	754,370
Transfers Out	-	(1,165)	(1,066,319)	(1,067,484)
Total Other Financing Sources (Uses)	<u>489,951</u>	<u>(1,165)</u>	<u>(711,474)</u>	<u>(222,688)</u>
NET CHANGE IN FUND BALANCES	518,153	61,849	313,705	893,707
Fund Balances - Beginning Of Year	<u>3,609,549</u>	<u>2,427,864</u>	<u>3,006,917</u>	<u>9,044,330</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,127,702</u>	<u>\$ 2,489,713</u>	<u>\$ 3,320,622</u>	<u>\$ 9,938,037</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS — MODIFIED CASH BASIS
TO THE STATEMENT OF ACTIVITIES — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 893,707
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities the expenditures are capitalized and depreciated over their estimated useful lives.

Capital Outlays	916,395
Depreciation and Amortization Expense	(684,567)
Difference Between Gain/Loss and Proceeds on Disposal of Capital Assets	(7,203)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these in the treatment of long-term debt and related items.

Premium Amortization	11,686
Debt Principal Retirement	790,001

Change in Net Position - Governmental Activities	\$ 1,920,019
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CITY OF SMITHVILLE, MISSOURI
STATEMENT OF NET POSITION — MODIFIED CASH BASIS
PROPRIETARY FUNDS
OCTOBER 31, 2023

	Water and Wastewater	Sanitation	Total Proprietary Funds
ASSETS			
CURRENT ASSETS			
Cash	\$ 3,771,163	\$ 69,567	\$ 3,840,730
RESTRICTED ASSETS			
Cash and Cash Equivalents	2,561,891	-	2,561,891
CAPITAL ASSETS			
Nondepreciable	4,804,283	-	4,804,283
Depreciable, Net	23,702,129	-	23,702,129
Capital Assets, Net	<u>28,506,412</u>	<u>-</u>	<u>28,506,412</u>
Total Assets	<u><u>\$ 34,839,466</u></u>	<u><u>\$ 69,567</u></u>	<u><u>\$ 34,909,033</u></u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Customer Deposits	\$ 379,699	\$ -	\$ 379,699
Current Maturities of Long-Term Liabilities	374,019	-	374,019
Total Current Liabilities	<u>753,718</u>	<u>-</u>	<u>753,718</u>
LONG-TERM LIABILITIES			
Long-Term Liabilities, Less Current Maturities Above	<u>6,998,769</u>	<u>-</u>	<u>6,998,769</u>
Total Liabilities	7,752,487	-	7,752,487
NET POSITION			
Net Investment in Capital Assets	21,133,624	-	21,133,624
Restricted for Debt Service	1,393	-	1,393
Restricted for Capital Projects	2,560,498	-	2,560,498
Unrestricted	<u>3,391,464</u>	<u>69,567</u>	<u>3,461,031</u>
Total Net Position	<u>27,086,979</u>	<u>69,567</u>	<u>27,156,546</u>
Total Liabilities and Net Position	<u><u>\$ 34,839,466</u></u>	<u><u>\$ 69,567</u></u>	<u><u>\$ 34,909,033</u></u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION — MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2023

	Water and Wastewater	Sanitation	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services	\$ 5,674,094	\$ 869,447	\$ 6,543,541
OPERATING EXPENSES			
Personnel Services	1,380,871	-	1,380,871
Contractual Services	252,239	857,468	1,109,707
Operations	683,771	-	683,771
Repair and Maintenance	458,921	-	458,921
Depreciation and Amortization	841,133	-	841,133
Total Operating Expenses	<u>3,616,935</u>	<u>857,468</u>	<u>4,474,403</u>
OPERATING INCOME	2,057,159	11,979	2,069,138
NONOPERATING REVENUES (EXPENSES)			
Tower Lease	38,211	-	38,211
Interest Income	6,345	-	6,345
Nonoperating Expenses	(25,274)	-	(25,274)
Interest Expense and Fiscal Charges	(258,829)	-	(258,829)
Gain on Sale of Capital Assets	102,996	-	102,996
Other Revenue	44,374	-	44,374
Total Nonoperating Revenues (Expenses)	<u>(92,177)</u>	<u>-</u>	<u>(92,177)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Transfers Out	(398,360)	-	(398,360)
Transfers In	711,474	-	711,474
Impact Fees	243,750	-	243,750
Total Capital Contributions and Transfers	<u>556,864</u>	<u>-</u>	<u>556,864</u>
CHANGES IN NET POSITION	2,521,846	11,979	2,533,825
Net Position - Beginning of Year	<u>24,565,133</u>	<u>57,588</u>	<u>24,622,721</u>
NET POSITION - END OF YEAR	<u><u>\$ 27,086,979</u></u>	<u><u>\$ 69,567</u></u>	<u><u>\$ 27,156,546</u></u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS — MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED OCTOBER 31, 2023

	Water and Wastewater	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 5,688,917	\$ 869,447	\$ 6,558,364
Cash Paid to Suppliers	(1,394,931)	(857,468)	(2,252,399)
Cash Paid to Employees	(1,380,871)	-	(1,380,871)
Net Cash Provided by Operating Activities	2,913,115	11,979	2,925,094
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Nonoperating Revenue	57,311	-	57,311
Cash Transferred from Other Funds	711,474	-	711,474
Cash Transferred to Other Funds	(398,360)	-	(398,360)
Net Cash Used by Noncapital Financing Activities	370,425	-	370,425
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(3,535,933)	-	(3,535,933)
Proceeds from Sale of Capital Assets	102,996	-	102,996
Cash Received from Impact Fees	243,750	-	243,750
Payments on Long-Term Debt	(355,000)	-	(355,000)
Interest Paid on Long-Term Debt	(267,600)	-	(267,600)
Net Cash Used by Capital and Related Financing Activities	(3,811,787)	-	(3,811,787)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	6,345	-	6,345
NET INCREASE (DECREASE) IN CASH	(521,902)	11,979	(509,923)
Cash - Beginning of Year	6,854,956	57,588	6,912,544
CASH - END OF YEAR	<u>\$ 6,333,054</u>	<u>\$ 69,567</u>	<u>\$ 6,402,621</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CASH FLOWS — MODIFIED CASH BASIS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED OCTOBER 31, 2023

	Water and Wastewater	Sanitation	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 2,057,159	\$ 11,979	\$ 2,069,138
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	841,133	-	841,133
Change in:			
Customer Deposits	14,823	-	14,823
Net Cash Provided by Operating Activities	<u>\$ 2,913,115</u>	<u>\$ 11,979</u>	<u>\$ 2,925,094</u>
CASH REPORTED ON THE STATEMENT OF NET POSITION			
Cash	\$ 3,771,163	\$ 69,567	\$ 3,840,730
Restricted Cash and Cash Equivalents	<u>2,561,891</u>	<u>-</u>	<u>2,561,891</u>
Total Cash and Cash Equivalents	<u>\$ 6,333,054</u>	<u>\$ 69,567</u>	<u>\$ 6,402,621</u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF FIDUCIARY NET POSITION — MODIFIED CASH BASIS
OCTOBER 31, 2023

	Smithville Commons CID
ASSETS	
Cash	<u>\$ 281,441</u>
Total Assets	<u><u>\$ 281,441</u></u>
NET POSITION	
Restricted for:	
Other Governments	<u>\$ 281,441</u>
Total Fund Balances	<u><u>\$ 281,441</u></u>

See accompanying Notes to Financial Statements.

CITY OF SMITHVILLE, MISSOURI
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — MODIFIED CASH BASIS
YEAR ENDED OCTOBER 31, 2023

	Smithville Commons CID
ADDITIONS	
Tax Collections for Other Governments	\$ 400,909
Total Additions	<u>400,909</u>
DEDUCTIONS	
Current:	
General Government	212,186
Total Deductions	<u>212,186</u>
NET INCREASE IN FIDUCIARY NET POSITION	188,723
Net Position - Beginning of Year	<u>92,718</u>
NET POSITION - END OF YEAR	<u><u>\$ 281,441</u></u>

See accompanying Notes to Financial Statements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Smithville (the City) was incorporated in 1867 and covers an area of approximately 13.8 square miles in Clay County and Platte County, Missouri. The City is a fourth-class city and operates under the aldermen-administrator form of government. The City Administrator is the chief administrative officer of the City. The City provides services to more than 10,500 residents in many areas, including law enforcement, water and sewer services, refuse and recycling services, parks and recreation services, community enrichment and development, and various administrative functions.

The financial statements of the City of Smithville, Missouri, have been prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated within the City's financial statements include the factors utilized in determining depreciation of the City's capital assets. Actual results could differ from those estimates.

Principles Used to Determine the Reporting Entity

The City's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the City is considered to be financially accountable.

Component units are legally separate entities for which the City (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component units governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally dependent upon by the potential component unit.

The City is not aware of any organization to which the City is financially accountable. Management has considered all potential component units and has determined there are no entities outside of the primary government that should be blended into or discretely presented with the City's financial statements.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position – modified cash basis and the statement of activities – modified cash basis) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for sales or services.

The statement of activities – modified cash basis demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, fiduciary funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to report business-type activities carried on by the City.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using modified cash basis of accounting and the economic resources measurement focus, as limited by the modified cash basis of accounting, as are the proprietary fund financial statements and the fiduciary fund financial statements. Revenues are recorded when received and expenses are recorded when paid.

Governmental fund financial statements are reported on the “current financial resources” measurement focus, as applied to the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The City accounts for all activities using the modified cash basis of accounting, modified with respect to capitalization and depreciation of property and equipment, and the recording of liabilities for long-term debt. Consequently, accounts receivable and accounts payable are not recorded. Therefore, certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Accordingly, the financial statements are not intended to present financial position and change in net position in conformity with accounting principles generally accepted in the United States of America.

The City accounts for all activities using the modified cash basis of accounting, modified with respect to capitalization and depreciation of property and equipment, and the recording of liabilities for long-term debt. Consequently, accounts receivable and accounts payable are not recorded. Therefore, certain revenue and related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Accordingly, the financial statements are not intended to present financial position and change in net position in conformity with accounting principles generally accepted in the United States of America.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund balances, and revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

Major Governmental Funds

- *General Fund*

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

- *Special Allocation Fund*

The Special Allocation Fund is a special revenue fund used to account for the City's Tax Increment Financing (TIF) and other redevelopment projects. Revenues are derived from Payment in Lieu of Taxes, Economic Activity Taxes, bond proceeds and reimbursements from funding agreements.

Major Proprietary Funds

- *Enterprise Funds*

Enterprise Funds are used to account for those operations of the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

- *Combined Water and Wastewater Fund*

The Combined Water and Wastewater Fund accounts for the provision of water and sewer utility services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

- *Sanitation Fund*

The Sanitation Fund accounts for the provision of sanitation services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Major Fiduciary Funds

- *Custodial Funds*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

- *Smithville Commons Community Improvement District (CID) Fund*

The Smithville Commons CID was created by ordinance of the City but is a separate political subdivision with the power to govern itself and impose and collect special assessments, additional property and sales taxes. The City is the fiscal agent for the CID, holds the funds of the CID in a custodial capacity and is considered a fiduciary component unit of the City.

Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which are managed by the Finance Director. Investments accounts consist primarily of certificates of deposit carried at cost. Interest income earned on the pooled account is allocated to general fund. Missouri state law permits the City to invest in prime money market instruments and securities, such as U.S. Government obligations, repurchase agreements, Missouri bank certificates of deposit, demand accounts, and savings accounts. As of October 31, 2023, the City has cash in demand deposits, money market instruments, and certificates of deposit.

The City maintains a cash and investment pool, which is available for use by most funds. Each fund's portion of this pool is displayed as pooled cash and investments or in restricted assets. Additionally, certain restricted assets, related to bond ordinances and indentures and capital lease certificates, are held in escrow by financial institutions' trust departments.

Restricted Assets

Cash from bond proceeds is restricted in the Capital Improvement fund to be used on capital projects. Cash in funds resulting from certain taxes is also presented as restricted cash. Cash and investments are restricted in the Proprietary Fund for revenue bond reserves because their use is limited by applicable debt obligation covenants. See Note 4 for further information.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. Capital and intangible assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The City maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The City has elected to prospectively report infrastructure assets in the governmental activities, as allowed by Governmental Accounting Standards Board Statement No. 34.

Capital and intangible assets not being depreciated include land, construction in progress, and permanent easements, if any.

Governmental activities capital and intangible assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are typically sold for an immaterial amount when declared as no longer needed for public purpose by the City, no salvage value is taken into consideration for depreciation purposes. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Governmental Activities:	
Building and Improvements	40
Machinery and Equipment	5 to 20
Vehicles	5
Infrastructure	40
Business-Type Activities:	
Machinery and Equipment	5 to 10
Water and Sewer Lines	40 to 50
Water Towers	40
Water and Sewer Plant	40 to 50
Vehicles	5

Long-Term Obligations

In the government-wide financial statements and the enterprise fund statement of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when incurred.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases

The City determines if an arrangement is a lease or financed purchase at inception. Leases and financed purchases are included in right-to-use assets and lease liabilities in the statement of net position as applicable, and only to the extent that the transaction follows a transfer of cash, in accordance with the modified cash basis of accounting. The signing of a lease agreement when the seller and lender are the same party does not constitute a cash transaction, and no lease liabilities or right-of-use assets are recognized by the City in those instances.

Financed purchase liabilities represent the City's obligation to make payments arising from the agreement. They are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The City recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statement of net position.

Government-Wide and Proprietary Fund Net Position

Net Position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – Consists of restricted assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of the government; or (b) law through constitutional provisions or enabling legislation.

Unrestricted – Consists of the net amounts of the assets that are not included in the determination of "net investment in capital assets" or the "restricted" component of net position.

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Proprietary Fund Net Position (Continued)

Impact fees assessed by the City by ordinance are reported as capital contributions in the Proprietary Fund.

Governmental Fund Balances

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen-the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes but are neither restricted nor committed. The Board of Aldermen and the City Administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balance include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned Fund Balance – Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Under terms of the City's personnel policy, employees are granted vacation and sick leave in varying amounts based upon length of service. In the event of termination, an employee forfeits unused sick leave. Unused vacation can be accumulated up to a limit of 150% of the annual amounts earned and is payable on separation of service. Under the modified cash basis of accounting, no liability is reported in the financial statements for the value of unused vacation time.

NOTE 2 BUDGETARY DATA

Budgets for the City are prepared and adopted on the modified cash basis (budget basis) for all governmental and proprietary funds. The City Administrator is authorized to transfer budgeted amounts within departments in any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the Board of Aldermen. The department level constitutes that City's legal level of budgetary control. Reported budget amounts are as originally adopted or amended by board resolution. Annual operating budgets are adopted for the governmental and proprietary funds. Appropriations lapse at fiscal year-end but may be re-appropriated in the following fiscal year.

NOTE 3 DEPOSITS AND INVESTMENTS

A summary of the carrying values of deposits, investments, and petty cash at October 31, 2023 is as follows:

Cash on Hand	\$ 700
Demand Deposits	12,257,975
Certificates of Deposit	2,022,844
Total Cash Deposits	<u>14,281,519</u>
Short-Term Investments Held in Trust	2,378,198
Total Cash Deposits and Investments	<u><u>\$ 16,659,717</u></u>

These carrying values are reflected on the statement of net position as follows:

Cash and Cash Equivalents	\$ 8,136,123
Restricted Cash and Cash Investments	8,242,153
Cash and Cash Equivalents - Held in Custodial Funds	281,441
Total	<u><u>\$ 16,659,717</u></u>

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Statutes require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the City or an independent third party and must be of the kind prescribed by state statutes.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

At October 31, 2023, the carrying amount of the City's demand deposits and certificates of deposit in financial institutions was \$14,281,519. The bank balances totaled \$14,498,286 of which \$251,817 was FDIC insured and \$14,246,469 was collateralized by pledged collateral held in the name of the City.

Investment Policies

The City has a formal investment policy, and also follows state statutes as defined in the accounting policy Note 1. Restricted assets are invested by the bond trustees in accordance with the bond indentures.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization such as Standard & Poor's above.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio on an ongoing basis for changes in effective yield amounts.

Custodial Credit Risk

The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty to transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City has no policy to limit the holdings of an outside party.

At October 31, 2023, the City's investments consisted of restricted investments held in the City's name by the bond trustee in accordance with the related bond indentures.

Concentration of Credit Risk

The City does not have a policy which limits the amounts that can be invested with any one issuer. Investments that represent more than 5% of the City's investments consist of money market funds shown above.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

In determining fair value, the City uses various valuation approaches within GASB Statement No. 72 *Fair Value Measurement and Application*. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

GASB Statement No. 72 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs, by requiring that the most observable inputs be used when available. GASB Statement No. 72 defines levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets; and

Level 2 – Valuations based on quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs, or significant value drivers, are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classifications in the valuation hierarchy.

Money Market Mutual Funds: Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end. In less active markets, the valuation is based on the most recent price of the equivalent quoted yield for such securities. These are classified as Level 1 within the valuation hierarchy.

The carrying amounts, maturity segment, ratings and fair value levels for the City's investments at October 31, 2023, consisted of the following:

<u>Investment</u>	<u>Maturity Under One Year</u>	<u>Rating</u>	<u>Fair Value Hierarchy Level</u>
Restricted Investments, Proprietary Fund, Fidelity Treasury Money Market Funds	<u>\$ 2,378,198</u>	AAAm	Level 1

CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

NOTE 4 RESTRICTED CASH

Restricted cash at October 31, 2023 consisted of the following:

	Special Allocation	Other Governmental Funds	Combined Water and Wastewater	Total
Debt Service	\$ -	\$ 267,739	\$ 1,393	\$ 269,132
Capital Projects	-	692,055	2,560,498	3,252,553
Transportation	-	569,431	-	569,431
Pandemic	-	188,700	-	188,700
Economic Development	2,489,713	-	-	2,489,713
Other Purposes	-	1,472,624	-	1,472,624
Total	<u>\$ 2,489,713</u>	<u>\$ 3,190,549</u>	<u>\$ 2,561,891</u>	<u>\$ 8,242,153</u>

The City's combined water and wastewater revenue bond trust indentures require the City to establish various debt services and reserve accounts. At October 31, 2023, these reserve accounts were fully funded.

All new connections to the City's water and sewer system are assessed an impact fee. All impact fees are kept in a fund to be used only for capital improvement projects that expand capacity of the system, including, but not limited to, new sewer lines, upsizing existing sewer lines, removing or replacing sewer lift stations, or upgrading sewer lift stations. This cash is considered to be restricted for capital projects.

CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

NOTE 5 CAPITAL ASSETS

The changes in capital asset activity, resulting from modified cash basis transactions, for the year ended October 31, 2023 are as follows:

	Balance November 1, 2022	Additions	Disposals	Transfers	Balance October 31, 2023
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,178,387	\$ -	\$ -	\$ -	\$ 1,178,387
Construction in Progress	344,278	223,751	-	(231,948)	336,081
Total Capital Assets, Not Being Depreciated	1,522,665	223,751	-	(231,948)	1,514,468
Capital Assets, Being Depreciated:					
Buildings and Improvements	3,671,657	-	-	-	3,671,657
Machinery and Equipment	1,967,692	120,236	107,731	-	1,980,197
Vehicles	538,764	-	196,145	-	342,619
Infrastructure	13,116,535	572,408	-	231,948	13,920,891
Total Capital Assets, Being Depreciated	19,294,648	692,644	303,876	231,948	19,915,364
Total Capital Assets	20,817,313	916,395	303,876	-	21,429,832
Less: Accumulated Depreciation					
Buildings and Improvements	1,913,557	77,664	-	-	1,991,221
Machinery and Equipment	1,108,617	155,172	101,497	-	1,162,292
Vehicles	502,611	24,004	195,176	-	331,439
Infrastructure	1,251,911	427,727	-	-	1,679,638
Total Accumulated Depreciation	4,776,696	684,567	296,673	-	5,164,590
Governmental Activities Capital Assets, Net	\$ 16,040,617	\$ 231,828	\$ 7,203	\$ -	\$ 16,265,242
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land and Easements	\$ 220,930	\$ -	\$ -	\$ -	\$ 220,930
Construction in Progress	2,393,484	2,297,632	-	(107,763)	4,583,353
Total Capital Assets, Not Being Depreciated	2,614,414	2,297,632	-	(107,763)	4,804,283
Capital Assets, Being Depreciated:					
Water Towers	2,698,076	-	-	-	2,698,076
Water and Sewer Lines	17,351,142	509,984	-	39,398	17,900,524
Machinery and Equipment	1,490,664	665,232	67,328	68,365	2,156,933
Software	6,997	-	-	-	6,997
Vehicles	531,516	-	184,226	-	347,290
Plant	9,739,975	63,085	-	-	9,803,060
Total Capital Assets, Being Depreciated	31,818,370	1,238,301	251,554	107,763	32,912,880
Total Capital Assets	34,432,784	3,535,933	251,554	-	37,717,163
Less: Accumulated Depreciation					
Water Towers	1,155,773	58,942	-	-	1,214,715
Water and Sewer Lines	2,767,716	422,185	-	-	3,189,901
Machinery and Equipment	495,794	129,749	67,328	-	558,215
Software	6,997	-	-	-	6,997
Vehicles	507,000	16,572	184,226	-	339,346
Plant	3,687,892	213,685	-	-	3,901,577
Total Accumulated Depreciation	8,621,172	841,133	251,554	-	9,210,751
Business-Type Activities Capital Assets, Net	\$ 25,811,612	\$ 2,694,800	\$ -	\$ -	\$ 28,506,412

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows in the statement of activities:

Governmental Activities

General Government	\$ 49,875
Police	67,628
Public Works	457,361
Parks and Recreation	99,868
Community and Economic Development	9,835
Total Depreciation Expense - Governmental Activities	<u>\$ 684,567</u>

Business-Type Activities

Water and Wastewater	<u>\$ 841,133</u>
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NOTE 6 DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS board of trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits Provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (age 55 for police members) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (age 50 for police members) and receive a reduced allowance.

	2023 <u>Valuation</u>
Benefit Multiplier	1.50%
Final Average Salary	3 Years
Member Contributions	2%

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 6 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

Benefit terms provide for annual post-retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At February 28, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	15
Inactive Employees Entitled to but not yet	
Receiving Benefits	39
Active Employees	53
Total	<u>107</u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates were 7.8% of annual covered payroll for the general division, and 9.3% of annual covered payroll for the police division, for the year ended October 31, 2023. For the year ended October 31, 2023, the City made contributions to the plan totaling \$363,432, which is equal to the City's pension expense, in accordance with the modified cash basis of accounting.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 7 LONG-TERM INDEBTEDNESS

The City's long-term debt arising from modified cash basis transactions or events consisted of the following as of October 31, 2023:

<u>Description</u>	<u>Amount</u>
Governmental Activities	
\$235,232 financed purchase agreement for the purpose of purchasing a street sweeper. Annual installments of \$38,276 plus interest through 2024; interest at 4.48%. At October 31, 2023, the City had capital assets related to this financed purchase agreement with a cost of \$235,232, and those assets had related accumulated depreciation of \$129,378.	\$ 36,602
\$2,000,000 2018 General Operating Bond. Annual principal payments of \$45,000 to \$195,000 through 2038; interest at 3.6% with a premium of \$75,886 issued with the debt.	1,899,436
\$3,625,000 2019 General Operating Bond. Annual principal payments of \$100,000 to \$500,000 through 2038; interest from 3.5% to 5.0% with a premium of \$289,184 issued with the debt.	3,503,870
\$1,950,000 2022A Tax Increment Revenue Bonds. Annual principal payments of \$300,000 to \$600,000 Through 2027; interest from 3.35% to 4.15%.	1,350,000
\$6,100,000 2022B Tax Increment Revenue Bonds. \$1,100,000 of term bonds due Dec. 1, 2034; \$5,000,000 of term bonds due December 1, 2039; interest at 5.0%; Premium of \$18,953 issued with the debt.	6,117,540
Total Governmental Activities	<u>\$ 12,907,448</u>
Business-Type Activities	
\$8,635,000 Series 2018, Certificate of Participation, for the purpose of water pollution control improvements. Annual installments of \$335,000 to \$600,000 through 2038; interest at 4.2% to 4.6% with a premium of \$213,370 issued with the debt.	\$ 7,372,788
Total Business-Type Activities	<u>\$ 7,372,788</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)

Changes in the City's long-term debt arising from modified cash basis transactions or events for the year ended October 31, 2023 were as follows:

	Balance November 1, 2022	Additions	Retired	Balance October 31, 2023	Current Portion	Long-Term Portion
Governmental Activities						
Financed Purchase - Street Sweeper	\$ 71,603	\$ -	\$ 35,001	\$ 36,602	\$ 36,602	\$ -
2018 General Obligation Bonds	1,880,000	-	50,000	1,830,000	55,000	1,775,000
2018 General Obligation Bonds Premium	71,333	-	1,897	69,436	2,087	67,349
2019 General Obligation Bonds	3,350,000	-	105,000	3,245,000	115,000	3,130,000
2019 General Obligation Bonds Premium	267,246	-	8,376	258,870	9,174	249,696
2022A Tax Increment Revenue Bonds	1,950,000	-	600,000	1,350,000	325,000	1,025,000
2022B Tax Increment Revenue Bonds	6,100,000	-	-	6,100,000	-	6,100,000
2022 Tax Increment Revenue Bonds Premium	18,953	-	1,413	17,540	765	16,775
Total	<u>\$ 13,709,135</u>	<u>\$ -</u>	<u>\$ 801,687</u>	<u>\$ 12,907,448</u>	<u>\$ 543,628</u>	<u>\$ 12,363,820</u>
Business-Type Activities						
2018 Certificates of Participation	\$ 7,550,000	\$ -	\$ 355,000	\$ 7,195,000	\$ 365,000	\$ 6,830,000
2018 Certificates of Participation Premium	186,560	-	8,772	177,788	9,019	168,769
Total	<u>\$ 7,736,560</u>	<u>\$ -</u>	<u>\$ 363,772</u>	<u>\$ 7,372,788</u>	<u>\$ 374,019</u>	<u>\$ 6,998,769</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 7 LONG-TERM INDEBTEDNESS (CONTINUED)

Aggregate annual principal and interest payments applicable to long-term debt are:

Year Ending October 31,	Governmental Activities											
	Street Sweeper Financed Purchase			2018 General Obligation Bond			2019 General Obligation Bond			Tax Increment Revenue Bonds		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2024	\$ 36,602	\$ 1,674	\$ 38,276	\$ 55,000	\$ 64,933	\$ 119,933	\$ 115,000	\$ 116,400	\$ 231,400	\$ 325,000	\$ 351,800	\$ 676,800
2025	-	-	-	60,000	63,325	123,325	120,000	110,525	230,525	300,000	340,337	640,337
2026	-	-	-	65,000	61,294	126,294	130,000	104,275	234,275	350,000	327,562	677,562
2027	-	-	-	65,000	59,100	124,100	140,000	97,525	237,525	375,000	312,781	687,781
2028	-	-	-	70,000	56,738	126,738	-	91,669	91,669	135,000	301,625	436,625
2029-2033	-	-	-	635,000	227,775	862,775	1,250,000	362,856	1,612,856	685,000	1,406,375	2,091,375
2034-2038	-	-	-	880,000	87,969	967,969	1,490,000	135,100	1,625,100	2,660,000	1,091,000	3,751,000
2039-2040	-	-	-	-	-	-	-	-	-	2,620,000	151,000	2,771,000
Total	<u>\$ 36,602</u>	<u>\$ 1,674</u>	<u>\$ 38,276</u>	<u>\$ 1,830,000</u>	<u>\$ 621,134</u>	<u>\$ 2,451,134</u>	<u>\$ 3,245,000</u>	<u>\$ 1,018,350</u>	<u>\$ 4,263,350</u>	<u>\$ 7,450,000</u>	<u>\$ 4,282,480</u>	<u>\$ 11,732,480</u>

Year Ending October 31,	Total		
	Principal Maturities	Interest Maturities	Total
2024	\$ 531,602	\$ 534,807	\$ 1,066,409
2025	480,000	514,187	994,187
2026	545,000	493,131	1,038,131
2027	580,000	469,406	1,049,406
2028	205,000	450,031	655,031
2029-2033	2,570,000	1,997,006	4,567,006
2034-2038	5,030,000	1,314,069	6,344,069
2039-2040	2,620,000	151,000	2,771,000
Total	<u>\$ 12,561,602</u>	<u>\$ 5,923,638</u>	<u>\$ 18,485,240</u>

Year Ending October 31,	Business-Type Activities					
	2018 Certificates of Participation			Total		
	Principal Maturities	Interest Maturities	Total	Principal Maturities	Interest Maturities	Total
2024	\$ 365,000	\$ 249,850	\$ 614,850	\$ 365,000	\$ 249,850	\$ 614,850
2025	385,000	231,600	616,600	385,000	231,600	616,600
2026	410,000	212,350	622,350	410,000	212,350	622,350
2027	420,000	200,050	620,050	420,000	200,050	620,050
2028	435,000	187,450	622,450	435,000	187,450	622,450
2029-2033	2,375,000	728,675	3,103,675	2,375,000	728,675	3,103,675
2034-2038	2,805,000	304,269	3,109,269	2,805,000	304,269	3,109,269
Total	<u>\$ 7,195,000</u>	<u>\$ 2,114,244</u>	<u>\$ 9,309,244</u>	<u>\$ 7,195,000</u>	<u>\$ 2,114,244</u>	<u>\$ 9,309,244</u>

CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023

NOTE 8 TAXES

Property taxes may attach as an enforceable lien on property as of January 1. Taxes are levied no later than November 1 and are due and payable at that time. All unpaid taxes levied by November 1 become delinquent January 1 of the following year.

The assessed valuation of the tangible property for the purpose of local taxation for the budget year ended October 31, 2023 was \$235,066,264.

The tax levy per \$100 of assessed valuation of tangible real and personal property for the budget year ended October 31, 2023 was \$0.4126 for general fund purposes.

Sales tax revenue consists of a 1% general sales tax on all receipts from the retail sale of tangible personal property or taxable services within the City subject to taxation by the state of Missouri, a one-half of 1% levy for the purpose of street maintenance, a one-half of 1% levy for the purpose of capital improvement, and a one-half of 1% levy for the purpose of parks and recreation needs and stormwater control. In addition, a general purpose use tax of 2% is levied on the sale of tangible personal property stored, used, or consumed in the City.

The City is subject to property tax abatements through various programs implemented by Platte County, which include Tax Increment Financing (TIF). The enacting authority for TIF is Chapter 99, RSMO. A TIF project diverts tax revenue, above an established base level of taxes, to a special allocation fund that allows certain project costs to be reimbursed to developers for up to 23 years. Most commonly, the sources of funds that are diverted are Payments In Lieu of Taxes (PILOTs) and Economic Activity Taxes (EATs). Generally, 100% of PILOTs (real property-based taxes) and 50% of EATs (sales, utilities, and earnings-based taxes) are diverted. A basic requirement, as outlined in Section 99.810.1 (1), RSMO, is: "The redevelopment area on the whole is a blighted area, a conservation area, or an economic development area, and has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing." Each agreement will vary from project to project. Taxes abated related to the projects totaled \$729,707 during the year ended October 31, 2023.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 9 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue during fiscal year ended October 31, 2023 consisted of the following:

	General Fund	Total
State:		
Motor Vehicle Fuel Tax	\$ 357,800	\$ 357,800
County:		
Road and Bridge Tax	79,650	79,650
School District:		
School Resource Officer	28,294	28,294
Federal:		
Public Safety Grants	42,219	42,219
Admin Grants	9,695	9,695
Total	<u>\$ 517,658</u>	<u>\$ 517,658</u>

NOTE 10 TRANSFERS

During normal operations, the City has numerous transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended. These transfers are generally recorded as transfers and are reported as other financing sources or uses.

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or (2) to fund debt service requirements as debt service payments become due. In addition, a franchise fee equal to 5% of gross revenues is charged against the City's water utility service. This fee is treated as a transfer from the water and wastewater fund to the general fund.

Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

	Transfers Out:				
	Special Allocation Fund	Capital Improvement Sales Tax	ARPA Fund	Water and Wastewater Fund	Total
Transfer In:					
General Fund	\$ 1,165	\$ -	\$ -	\$ 398,360	\$ 399,525
Debt Service Fund	-	354,845	-	-	354,845
Water and Wastewater	-	-	711,474	-	711,474
Total	<u>\$ 1,165</u>	<u>\$ 354,845</u>	<u>\$ 711,474</u>	<u>\$ 398,360</u>	<u>\$ 1,465,844</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 11 RISK MANAGEMENT

The City is a member of MPR (formerly MARCIT), a nonprofit corporation consisting of governmental entities incorporated in 1984 to acquire insurance for its members. MPR operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MPR provides both conventional and self-insurance coverages for its members. The City participates in property, casualty, general liability, and workers' compensation insurance coverage through MPR. MPR manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MPR's investment pool consists of interest-bearing deposits, U.S. Treasury strips, U.S. governmental agency obligations, and collateralized mortgage obligations.

In the event that a deficit occurs with respect to any fiscal year of MPR for which the City was a participant at any time during such year; and in the event that MPR determines that an assessment is required in order to provide additional funds for the obligations of MPR for such year; and further, in the event that the City was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the City is obligated to pay its pro rata share of any such assessments, irrespective of whether or not the City is a member of MPR at the time of such assessment. MPR was not in a deficit situation during the past year.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City insurance coverage in any of the prior three years.

NOTE 12 COMMITMENTS

U.S. Army Corps of Engineers

The City has entered into various agreements with U.S. Army Corps of Engineers (the Corps). One agreement, paid from the General Fund, is for the use of the Smith's Fork public use area and is payable in installments which began in 1999 that increases annually over a period of 50 years. The amount paid for the year ended October 31, 2023 was \$40,636.

The water and wastewater fund is responsible for two agreements, one to reimburse the Corps for a percentage of their maintenance costs for the dam at the Corps' Smithville Lake where the City has its water intake line, and another for access to water from the lake for the City's water supply. The total amount paid for both agreements for the year ended October 31, 2023 was \$25,274. The City is currently in the process of renewing these agreements as the initial terms have expired.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 12 COMMITMENTS (CONTINUED)

Future minimum payments under the agreements are as follows:

<u>Year Ending October 31,</u>	<u>Smith's Fork Park Rent</u>
2024	\$ 53,335
2025	56,002
2026	58,802
2027	61,742
2028	64,829
2029-2033	376,133
2034-2038	479,852
2039-2043	611,699
2044-2048	781,753
Total	<u>\$ 2,544,147</u>

Redevelopment Agreement

The City and its Tax Increment Financing (TIF) Commission have approved the formation of a redevelopment area and entered into a TIF redevelopment agreement. Under the terms of the agreement, the City, subject to the developer satisfying various conditions as specified in the agreement, will reimburse the developer approximately \$4.8 million of its eligible costs. The reimbursement is payable solely from 50% of the future incremental property and sales tax revenues generated by the project. The project costs were reimbursed during the year ended October 31, 2022 through the issuance of developer obligation debt.

Lease Agreement

The City entered into a rental agreement with Enterprise Fleet Management for the use of vehicles. The master agreement was entered into on September 1, 2020. Each vehicle is a schedule on the agreement and has its own terms based on when that vehicle is needed to replace a sold vehicle. The schedules in place at October 31, 2023 continue until various dates through July 2028. Rent expense for the year ended October 31, 2023 was \$311,047. Payments under the agreement are due monthly with the annual total payments as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2024	\$ 311,484
2025	220,923
2026	215,374
2027	162,395
2028	81,060
Total	<u>\$ 991,236</u>

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 12 COMMITMENTS (CONTINUED)

Construction Projects

The City's future construction commitments are as follows:

<u>2023 CIP Commitments</u>	<u>Amount</u>
Raw Water Pump Station	\$ 199,651
4th Street Improvements	414,043
Quincy Ave Improvements	314,398
River Crossing	646,697
Owens Branch	244,773
Stonebridge Lift Station	233,585
Total	<u>\$ 2,053,147</u>

Labor Agreement

In March 2024, the City entered into a labor bargaining agreement with the West Central Missouri Regional Lodge #50 of the Fraternal Order of Police, which will be effective until December 31, 2026. As part of this agreement, a 14-step merit pay grid will be implemented, among other provisions.

NOTE 13 RENTAL INCOME

The City rents space on its water towers for cell phone companies to place antennas. The total rents received from tenants were \$38,211 for the year ended October 31, 2023. Future minimum rents to be received under current agreements are as follows:

<u>Year Ending October 31,</u>	<u>Amount</u>
2024	<u>\$ 5,315</u>

The City also rents a portion of a building to the Smithville Senior Citizen Center for \$1 a year. The agreement, originally entered into in August 2013, had an initial term of 10 years, and may be renewed for successive renewal terms of five years each. The agreement was revised in March 2023 to include a perpetual term.

NOTE 14 PLEDGED REVENUES

The proprietary fund has pledged future revenues, net of specified operating expenses, to repay certificates of participation that were issued for the purpose of improvements. The certificates of participation are payable solely from the fund's net revenues and are payable through 2037. The total principal and interest to be repaid on the certificates of participation is \$9,309,244. Payments of principal and interest for the current year was \$622,600 on the certificates of participation. Total proprietary fund net revenues for the current year were \$2,898,292.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2023**

NOTE 15 RESERVE LEVEL POLICY

The City has adopted a reserve policy goal which sets aside 25% of General Fund budgeted expenditures and 20% of proprietary operating revenues. Reserve amounts are reported as unassigned fund balance for the General Fund and unrestricted net position for the Proprietary Fund.

SUPPLEMENTARY INFORMATION

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED OCTOBER 31, 2023

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Taxes	\$ 3,786,719	\$ 3,786,719	\$ 4,290,405	\$ 503,686
Licenses, Fees, and Permits	442,279	442,279	373,175	(69,104)
Intergovernmental Revenues	402,872	402,872	517,658	114,786
Charges for Services	347,900	347,900	385,924	38,024
Fines and Forfeits	112,615	112,615	113,518	903
Interest	63,500	63,500	592,739	529,239
Other Revenue	29,595	29,595	75,965	46,370
Total Revenues	5,185,480	5,185,480	6,349,384	1,163,904
EXPENDITURES				
General Government	1,139,170	1,294,170	1,183,114	(111,056)
Police	2,197,870	2,197,870	2,360,216	162,346
Public Works	1,152,960	1,152,960	1,053,245	(99,715)
Parks and Recreation	811,150	811,150	882,885	71,735
Community and Economic Development	513,220	513,220	485,898	(27,322)
Senior Center	36,890	36,890	32,722	(4,168)
Capital Outlay	840,800	840,800	323,102	(517,698)
Total Expenditures	6,692,060	6,847,060	6,321,182	(525,878)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,506,580)	(1,661,580)	28,202	1,689,782
OTHER FINANCING SOURCES				
Sale of Capital Assets	352,100	352,100	90,426	(261,674)
Transfers In	315,860	315,860	399,525	83,665
Total Other Financing Sources	667,960	667,960	489,951	(178,009)
NET CHANGE IN FUND BALANCE	(838,620)	(993,620)	518,153	1,511,773
Fund Balance - Beginning of Year	3,558,070	3,609,549	3,609,549	-
FUND BALANCE - END OF YEAR	\$ 2,719,450	\$ 2,615,929	\$ 4,127,702	\$ 1,511,773

See accompanying Notes to Other Information.

CITY OF SMITHVILLE, MISSOURI
BUDGETARY COMPARISON SCHEDULE — MODIFIED CASH BASIS
SPECIAL ALLOCATION FUND
YEAR ENDED OCTOBER 31, 2023

	Original Budget	Final Budget	Actual	Variances with Budget Over (Under)
REVENUES				
Taxes	\$ 705,000	\$ 705,000	\$ 930,459	\$ 225,459
Interest	-	-	92,817	92,817
Total Revenues	705,000	705,000	1,023,276	318,276
EXPENDITURES				
Community and Economic Development	700,000	700,000	-	(700,000)
Debt Service	-	953,902	960,262	6,360
Total Expenditures	700,000	1,653,902	960,262	(693,640)
DEFICIENCY OF REVENUES OVER EXPENDITURES	5,000	(948,902)	63,014	1,011,916
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(3,000)	(3,000)	(1,165)	1,835
Total Other Financing Sources	(3,000)	(3,000)	(1,165)	1,835
NET CHANGE IN FUND BALANCE	2,000	(951,902)	61,849	1,013,751
Fund Balance - Beginning of Year	2,427,864	2,427,864	2,427,864	-
FUND BALANCE - END OF YEAR	<u>\$ 2,429,864</u>	<u>\$ 1,475,962</u>	<u>\$ 2,489,713</u>	<u>\$ 1,013,751</u>

See accompanying Notes to Other Information.

**CITY OF SMITHVILLE, MISSOURI
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED OCTOBER 31, 2023**

The City follows these procedures in establishing the budgetary data reflected in the supplementary information:

- A. Prior to October 31 of each year, the City Administrator submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following November 1. The operating budget includes proposed expenditures and the means of financing them. The City adopts the proposed budget as amended and adjusted by the Board of Aldermen.
- B. Public hearings on the City's budget are conducted to obtain taxpayer comments. Prior to its approval by the Board of Aldermen, the budget document is available for public inspection.
- C. On or before October 31, the final budget is legally enacted by City Ordinance.
- D. Subsequent to its formal approval of the budget, the Board of Aldermen has the authority to make necessary adjustments to the budget by formal vote of the board.
- E. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Aldermen. Reported budget amounts are as originally adopted or amended by the Board of Aldermen.
- F. In accordance with Chapter 67, RSMo., the City adopts a budget for each fund. The proposed budget includes estimated revenues and proposed expenditure for all city funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year. Actual expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, miscellaneous services and charges, and capital outlay) within each program. All amounts over budget have been approved by the Board of Aldermen through the disbursement process.
- G. Budgets for the general, certain special revenue funds, and the debt service fund are adopted on a basis consistent with a budgetary basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen. The City may use encumbrances where the expenditure may occur prior to the disbursement of cash.

**CITY OF SMITHVILLE, MISSOURI
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED OCTOBER 31, 2023**

<u>Fiscal Year Ending October 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2014	\$ 140,913	\$ 140,913	\$ -	\$ 1,784,036	7.9 %
2015	160,040	160,040	-	2,009,670	8.0
2016	225,202	225,202	-	2,193,483	10.3
2017	214,561	214,561	-	2,257,594	9.5
2018	264,323	264,323	-	2,516,884	10.5
2019	285,158	285,158	-	2,739,287	10.4
2020	292,948	292,948	-	3,021,638	9.7
2021	286,975	286,975	-	3,129,279	9.2
2022	290,255	290,255	-	3,267,798	8.9
2023	363,432	363,432	-	3,690,187	9.8

CITY OF SMITHVILLE, MISSOURI
COMBINING BALANCE SHEET — MODIFIED CASH BASIS — GENERAL FUND
OCTOBER 31, 2023

	General	Vehicle and Equipment Replacement	Total General Fund
ASSETS			
Cash	\$ 4,001,598	\$ 163,722	\$ 4,165,320
Total Assets	<u>\$ 4,001,598</u>	<u>\$ 163,722</u>	<u>\$ 4,165,320</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Developer Escrow	\$ 37,618	\$ -	\$ 37,618
Total Liabilities	<u>37,618</u>	<u>-</u>	<u>37,618</u>
FUND BALANCES			
Committed:			
Vehicle and Equipment Replacement	-	163,722	163,722
Unassigned	3,963,980	-	3,963,980
Total Fund Balances	<u>3,963,980</u>	<u>163,722</u>	<u>4,127,702</u>
Total Liabilities and Fund Balances	<u>\$ 4,001,598</u>	<u>\$ 163,722</u>	<u>\$ 4,165,320</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES — MODIFIED CASH BASIS — GENERAL FUND
YEAR ENDED OCTOBER 31, 2023

	General	Vehicle and Equipment Replacement	Eliminations	Total General Fund
REVENUES				
Property Taxes	\$ 1,116,997	\$ -	\$ -	\$ 1,116,997
Sales and Use Taxes	2,362,749	-	-	2,362,749
Franchise Taxes	810,659	-	-	810,659
Licenses, Fees, and Permits	373,175	-	-	373,175
Intergovernmental Revenues	517,658	-	-	517,658
Charges for Services	385,924	-	-	385,924
Fines and Forfeits	113,518	-	-	113,518
Interest	592,739	-	-	592,739
Other Revenue	66,756	9,209	-	75,965
Total Revenues	6,340,175	9,209	-	6,349,384
EXPENDITURES				
Current:				
General Government	1,183,114	-	-	1,183,114
Police	2,292,442	67,774	-	2,360,216
Public Works	910,905	142,340	-	1,053,245
Parks and Recreation	804,409	78,476	-	882,885
Community and Economic Development	463,441	22,457	-	485,898
Senior Center	32,722	-	-	32,722
Capital Outlay	323,102	-	-	323,102
Total Expenditures	6,010,135	311,047	-	6,321,182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	330,040	(301,838)	-	28,202
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	90,426	-	90,426
Transfers In	243,717	190,808	(35,000)	399,525
Transfers Out	(35,000)	-	35,000	-
Total Other Financing Sources (Uses)	208,717	281,234	-	489,951
NET CHANGE IN FUND BALANCES	538,757	(20,604)	-	518,153
Fund Balances - Beginning of Year	3,425,222	184,327	-	3,609,549
FUND BALANCES - END OF YEAR	<u>\$ 3,963,979</u>	<u>\$ 163,723</u>	<u>\$ -</u>	<u>\$ 4,127,702</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING BALANCE SHEET — MODIFIED CASH BASIS — NONMAJOR GOVERNMENTAL FUNDS
OCTOBER 31, 2023

	Special Revenue										Capital Projects Fund	Debt Service	Total Nonmajor Governmental Funds
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	Transportation Sales Tax	Capital Improvement Sales Tax	Parks and Stormwater Sales Tax	Donations Fund	ARPA Fund			
ASSETS													
Cash	\$ 13,923	\$ 12,676	\$ 28	\$ 3,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 130,073
Restricted Cash	-	-	-	-	-	569,431	692,055	1,463,715	8,909	188,700	-	267,739	3,190,549
Total Assets	<u>\$ 13,923</u>	<u>\$ 12,676</u>	<u>\$ 28</u>	<u>\$ 3,446</u>	<u>\$ -</u>	<u>\$ 569,431</u>	<u>\$ 692,055</u>	<u>\$ 1,463,715</u>	<u>\$ 8,909</u>	<u>\$ 188,700</u>	<u>\$ 100,000</u>	<u>\$ 267,739</u>	<u>\$ 3,320,622</u>
FUND BALANCES													
Restricted	\$ 13,923	\$ 12,676	\$ -	\$ 3,446	\$ -	\$ 569,431	\$ 692,055	\$ 1,463,715	\$ 8,909	\$ 188,700	\$ 100,000	\$ 267,739	\$ 3,320,594
Committed	-	-	28	-	-	-	-	-	-	-	-	-	28
Total Fund Balances	<u>\$ 13,923</u>	<u>\$ 12,676</u>	<u>\$ 28</u>	<u>\$ 3,446</u>	<u>\$ -</u>	<u>\$ 569,431</u>	<u>\$ 692,055</u>	<u>\$ 1,463,715</u>	<u>\$ 8,909</u>	<u>\$ 188,700</u>	<u>\$ 100,000</u>	<u>\$ 267,739</u>	<u>\$ 3,320,622</u>

CITY OF SMITHVILLE, MISSOURI
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
MODIFIED CASH BASIS — NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED OCTOBER 31, 2023

	Special Revenue												
	Police Training	DWI Recovery	Technology Upgrade	Judicial Education	Appointed Council	Transportation Sales Tax	Capital Improvement Sales Tax	Parks and Stormwater Sales Tax	Donations Fund	ARPA Fund	Capital Projects Fund	Debt Service	Total Nonmajor Governmental Funds
REVENUES													
Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 661,373	\$ 760,910	\$ 760,303	\$ -	\$ -	\$ -	\$ -	\$ 2,182,586
Licenses, Fees, and Permits	1,995	2,202	-	-	-	-	-	-	-	-	-	-	4,197
Interest	-	-	-	-	-	-	-	-	-	19,959	-	-	19,959
Other Revenue	-	-	-	-	-	6,080	-	-	21,577	-	-	-	27,657
Total Revenues	1,995	2,202	-	-	-	667,453	760,910	760,303	21,577	19,959	-	-	2,234,399
EXPENDITURES													
Current:													
General Government	-	-	-	-	-	-	-	-	300	-	-	-	300
Police	1,610	4,137	2,004	-	-	-	-	-	3,500	-	-	-	11,251
Municipal Court	-	-	-	-	545	-	-	-	-	-	-	-	545
Public Works	-	-	-	-	-	141,302	-	-	-	-	-	-	141,302
Parks and Recreation	-	-	-	-	-	-	-	81,213	-	-	-	-	81,213
Capital Outlay	-	-	-	-	-	347,852	124,784	24,755	12,173	-	83,729	-	593,293
Debt Service:													
Principal	-	-	-	-	-	35,001	-	-	-	-	-	155,000	190,001
Interest	-	-	-	-	-	3,275	-	-	-	-	-	188,040	191,315
Total Expenditures	1,610	4,137	2,004	-	545	527,430	124,784	105,968	15,973	-	83,729	343,040	1,209,220
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	385	(1,935)	(2,004)	-	(545)	140,023	636,126	654,335	5,604	19,959	(83,729)	(343,040)	1,025,179
OTHER FINANCING SOURCES (USES)													
Transfers In	-	-	-	-	-	-	-	-	-	-	-	354,845	354,845
Transfers Out	-	-	-	-	-	-	(354,845)	-	-	(711,474)	-	-	(1,066,319)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(354,845)	-	-	(711,474)	-	354,845	(711,474)
NET CHANGE IN FUND BALANCES	385	(1,935)	(2,004)	-	(545)	140,023	281,281	654,335	5,604	(691,515)	(83,729)	11,805	313,705
Fund Balances - Beginning of Year	13,538	14,611	2,032	3,446	545	429,408	410,774	809,380	3,305	880,215	183,729	255,934	3,006,917
FUND BALANCES - END OF YEAR	<u>\$ 13,923</u>	<u>\$ 12,676</u>	<u>\$ 28</u>	<u>\$ 3,446</u>	<u>\$ -</u>	<u>\$ 569,431</u>	<u>\$ 692,055</u>	<u>\$ 1,463,715</u>	<u>\$ 8,909</u>	<u>\$ 188,700</u>	<u>\$ 100,000</u>	<u>\$ 267,739</u>	<u>\$ 3,320,622</u>



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